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10 February 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

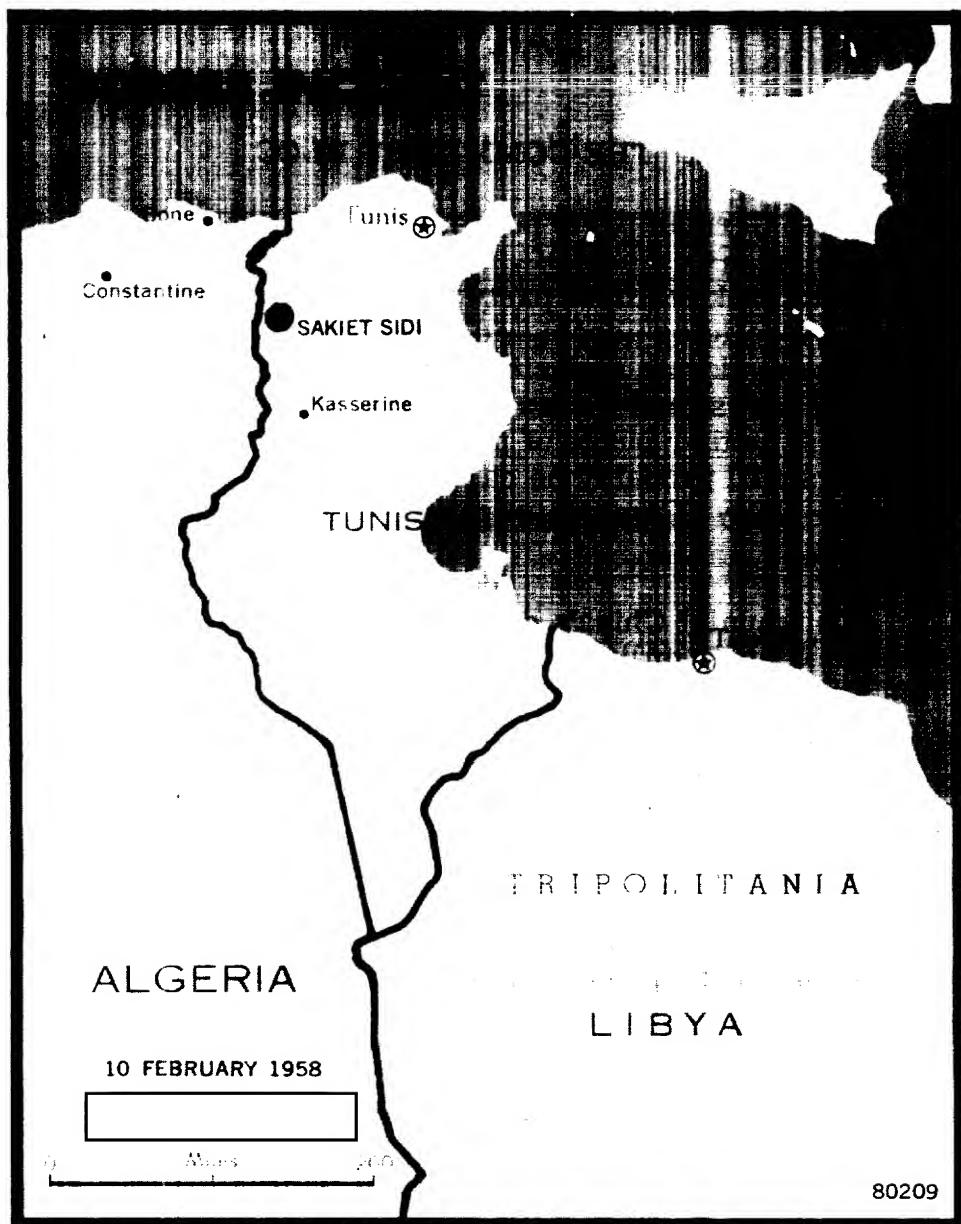
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[Redacted]

East German party purge: The purge of three leading East German Communists makes it clear that Moscow continues to back Stalinist party boss Walter Ulbricht and repressive policies associated with him. Ulbricht's victory over the moderate opposition group will probably heighten popular unrest and increase the possibility of overt resistance. A further purge of persons suspected of anti-Ulbricht leanings will probably be carried out at all levels of the Socialist Unity (Communist) party. [Redacted]

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no
[Redacted]

Communist China's defense budget: Build-up of Communist China's military forces will apparently continue at the same rate as last year. A deputy director of the armed forces political department, speaking before the National People's Congress, said that the defense budget for 1958 is equivalent to about \$2,000,000,000--only \$10,000,000 less than last year's defense expenditure. [Redacted]



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II. ASIA-AFRICA

Iraq-Jordan: Iraq may move troops into Jordan to try to help protect King Hussayn's government from new pressures resulting from the Egyptian-Syrian union. Exiled leftist Jordanians, [] are reported to be stepping up subversive activities against Hussayn. and economic pressure may also be used in this effort.

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Lebanon: Foreign Minister Malik may resign soon, since the Lebanese Government apparently has decided to recognize the new United Arab Republic. Malik's departure from the cabinet would signal the beginning of a trend away from his outright but not generally popular pro-Western policy toward one of accommodation to Egyptian-Syrian pressure.

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Tunisia: The bombing of a Tunisian border village by French Air Force B-26's and Corsairs on 8 February provides an opportunity for President Nasir and the Soviet Union to complicate Tunisian President Bourguiba's relations with the West by offering him arms and economic assistance. On 6 February Bourguiba publicly appealed for expanded economic aid from the West to relieve Tunisia's serious economic problems.

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no **Indonesia:** Sumatran dissidents are maintaining a steady barrage of broadcasts and mass rallies denouncing President Sukarno and the Djuanda cabinet, apparently in the hope of inducing Sukarno to capitulate and of developing popular support. They still plan to force the issue if Sukarno refuses. The reluctance of dissidents to take action has apparently prevented the activists from delivering a formal ultimatum to the Djakarta government or proclaiming a rival Indonesian government.

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III. THE WEST

no **West Germany--the USSR:** The Bonn government is reasonably certain that three of a group of 21 West German scientists who were being repatriated from the USSR are forcibly detained in East Germany. Bonn plans to wait until 14 February and then protest to the Soviet Union. Trade and repatriation talks may be broken off.

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no **Argentina:** Recent moves by deposed Argentine dictator Juan Peron and by the Communist party will probably place substantial support behind the presidential candidacy of Arturo Frondizi and may lead to a Frondizi victory in the Argentine general elections of 23 February. The prospect of Peronista influence in the incoming government is likely to increase unrest among conservative military groups and may lead to military plotting either to postpone the elections or to nullify the results if Frondizi wins.

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I. THE COMMUNIST BLOC

East German Party Purge

After the most serious intraparty struggle he has yet encountered, East Germany's Stalinist party boss Walter Ulbricht has emerged victorious over an opposition group which sought a more moderate approach to the country's political and economic problems. The purge of three leading Communists on charges of opportunism and revisionism and the election of four loyal Ulbricht men to top party posts indicate that Moscow continues to back Ulbricht and the policies of iron repression associated with him. A far-reaching purge of persons suspected of anti-Ulbricht leanings is expected to be carried out at all levels of the Socialist Unity (Communist) party (SED).

Those purged are the party's number-two man, Karl Schirdewan, party theoretician Fred Oelssner, and former Minister of State Security Ernst Wollweber.

As a result of Ulbricht's victory, East German domestic policies are likely to follow an even harder line, such as upward revisions of work norms, continued emphasis on heavy industry at the expense of consumer goods, pressures for collectivization, stepped-up attacks on the church, and intensified Soviet-East German efforts to erode the Western position in Berlin. These policies will probably heighten popular unrest and increase the possibility of overt resistance to the regime.

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II. ASIA - AFRICA

Iraqi-Jordanian Reaction to Syrian-Egyptian Union

Iraq may move troops into Jordan to try to help protect King Hussayn's government from new pressures generated by the Syrian-Egyptian union, according to Iraqi Crown Prince Abd al-Illah. The troops would move into northern Jordan on Hussayn's request. Abd al-Illah has recalled Iraqi strong man Nuri Said to Baghdad to discuss a change of cabinet which would bring in a "strong" and broadly based government.

Hussayn and Iraq's King Faysal are to meet this week in Amman to discuss joint moves, including a possible confederation of their two countries. If agreement is reached on a plan, no announcement will be made until Hussayn has met with King Saud, possibly also this week.

Exiled leftist Jordanians, [redacted]

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[redacted] are reported to be stepping up subversive activities against Hussayn for the purpose of ultimately bringing about the merger of Jordan with the Egyptian-Syrian union. Other measures to achieve this might include economic pressure, such as closing the roads from Syria into Jordan, and an announcement that a "Palestine government," located in the Egyptian-occupied Gaza strip, would join the United Arab Republic.

It is doubtful that Nasir desires to push these measures hard enough at this time to try to overthrow Hussayn. His aim at the moment seems to be to try to reassure elements, such as King Saud and the Lebanese, who have been frightened by the formation of the union. An Iraqi move to "unite" with Jordan, nevertheless, might lead Nasir to take vigorous countermeasures. [redacted]

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III. THE WEST

Peronista Resurgence Feared In Argentina

A manifesto issued on 4 February by former Argentine dictator Peron is believed to be a tacit endorsement of the presidential candidacy of Arturo Frondizi in Argentina's general elections scheduled for 23 February. Frondizi, a [redacted] nationalist, heads the ticket of the intransigent Radical party, which ran second in the Constituent Assembly elections last July. Despite Frondizi's denials, there is a general belief that Peron's manifesto resulted from [redacted] agreement by which Frondizi would be obliged, if he took office on 1 May, to permit legalization of the Peronista party and the reintegration of pro-Peronistas into the military establishments. In the manifesto Peron urged his followers to "vote in an appropriate manner against the continuation of the tyranny" in contrast to his order last July for them to cast blank ballots.

As a result of squabbling among his lieutenants, Peron does not completely control his followers. Only 25 percent of the Peronista vote in some of the larger provinces, however, would be sufficient to put Frondizi ahead of his more moderate rival, Ricardo Balbin of the Popular Radical party. The Communist party has already thrown its support to Frondizi.

The prospect of Peronista influence in the incoming government is likely to increase unrest among conservative military groups and may lead to military plotting either to postpone the elections or to nullify the results if Frondizi wins.

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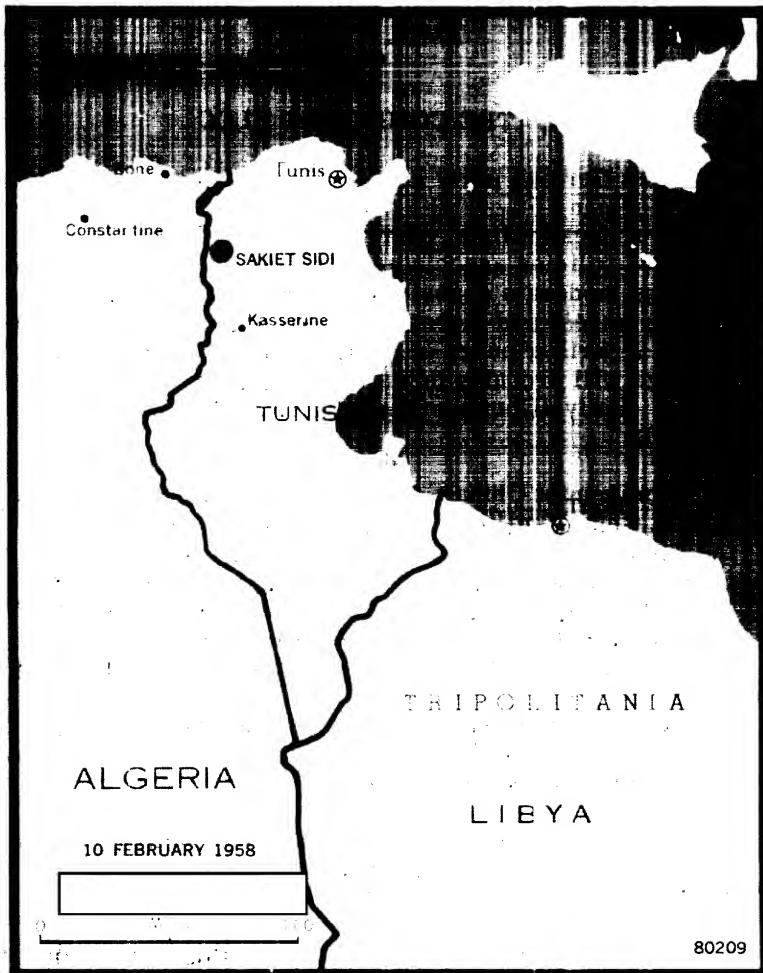
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